Government of Saskatchewan

Annual Report 2001-2002

Saskatchewan Agricultural Stabilization Fund

The Saskatchewan Agricultural Stabilization Fund

The Fund is established under the *Farm Financial Stability Act.* The purpose of the Fund is to administer those programs established under the Act, which enhance or stabilize the incomes of Saskatchewan farmers or the returns from commodities produced by Saskatchewan farmers. The Fund administers each program that is set up under it by establishing a separate account, which receives funding from the provincial and federal governments and pays out these funds according to the specific program regulations.

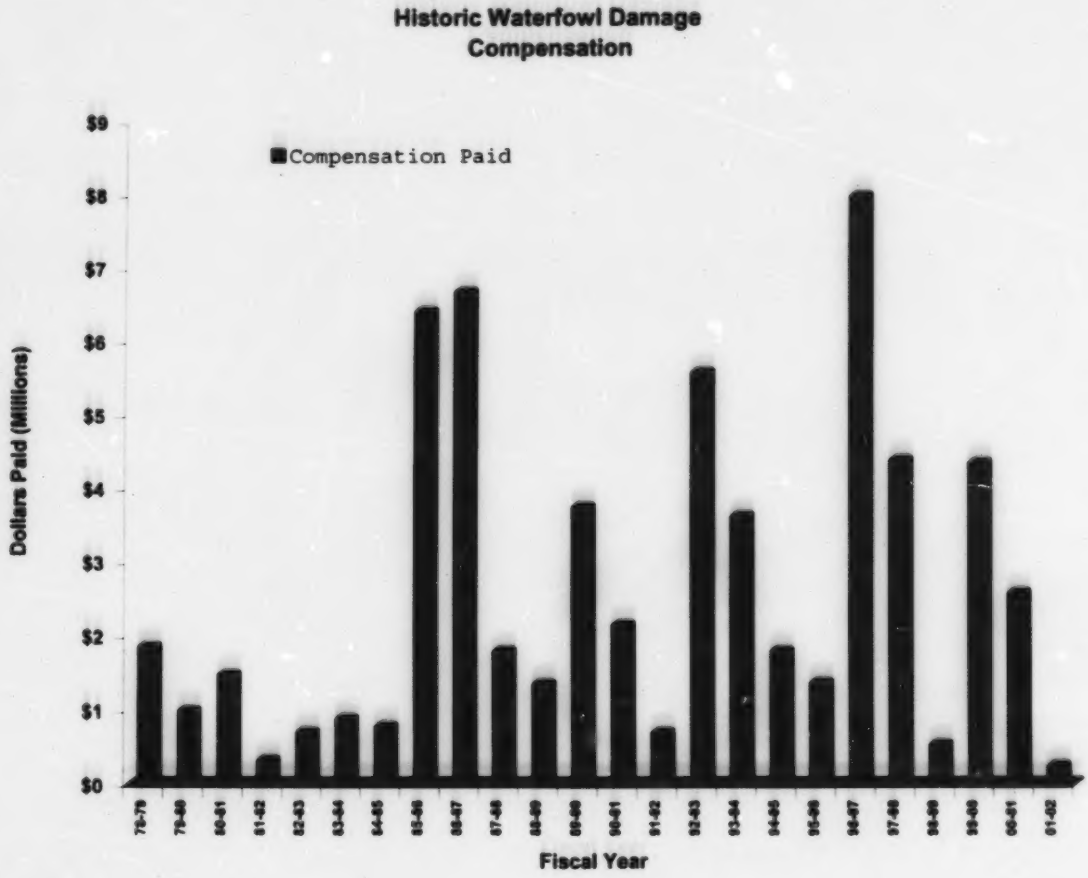
The Fund operates the following six accounts which are established by the regulations noted:

- Waterfowl Damage Compensation Program Account – *The Waterfowl Damage Compensation Program Regulations.*
- New Crops Insurance Account – The New Crops Insurance Program Regulation
- Big Game Damage Compensation Program Account – The Big Game Damage Compensation Program Regulations.
- The Agricultural Income Disaster Assistance and Canadian Farm Income Program Account – *The AIDA and CFIP Program Regulations*
- Unseeded Acreage Benefit Account – *The Unseeded Acreage Benefit Program Regulations*
- Canada-Saskatchewan Adjustment Program (CSAP I) Account – *The Canada-Saskatchewan Adjustment Program Regulations*
- Canada-Saskatchewan Assistance Program (CSAP II) Account– *The Canada-Saskatchewan Assistance Program Regulations*

Waterfowl Damage Compensation Program

The Waterfowl Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation. Producers who suffer severe crop losses from the damage caused by ducks, geese and sandhill cranes can file a claim. Any Saskatchewan producer, with or without a crop insurance contract, is eligible to receive compensation for crops damaged by waterfowl.

Compensation covers 85 per cent of the incurred loss. Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a $200 deductible per crop. Protein adjustments or malting status are not included in determining compensation amounts. There are no costs or premiums paid by the producer.



Annual Waterfowl Damage Compensation Summary

YEAR	Claims	Compensation Paid	$/Claim
78-79	1,586	$1,836,587	$1,158
79-80	908	$977,476	$1,077
80-81	1,233	$1,465,480	$1,189
81-82	305	$312,061	$1,023
82-83	582	$684,593	$1,176
83-84	541	$869,910	$1,608
84-85	408	$763,530	$1,871
85-86	2,544	$6,389,022	$2,511
86-87	2,950	$6,658,769	$2,257
87-88	1,210	$1,779,933	$1,471
88-89	807	$1,337,903	$1,658
89-90	1,384	$3,727,130	$2,693
90-91	760	$2,138,380	$2,814
91-92	392	$683,391	$1,743
92-93	2,040	$5,557,642	$2,724
93-94	1,560	$3,603,156	$2,310
94-95	1,668	$1,778,556	$1,066
95-96	709	$1,352,767	$1,908
96-97	2,416	$7,951,921	$3,291
97-98	1,077	$4,361,668	$4,050
98-99	298	$520,360	$1,746
99-00	1,600	$4,309,428	$2,693
00-01	1,132	$2,559,440	$2,261
01-02	164	$233,093	$1,421
TOTAL	**28,274**	**$61,852,196**	
Average	**1,178**	**$2,577,175**	**$2,188**
5 Year Average	**854**	**$2,396,798**	**$2,807**

New Crops Insurance Program

In 1997 Saskatchewan created the New Crops Insurance Program under the Saskatchewan Crop Insurance Corporation (SCIC) to expand the list of insurable crops to ones where there was less data available than had historically been required to obtain federal and provincial approval. This allows SCIC to be more proactive in accommodating producers' insurance needs as they diversify their own operations in response to market signals and opportunities. Given some of the additional uncertainty attached to these crops, coverage is limited to 70 per cent and not all features of the traditional insurance program are available for these crops. It is expected that over time these commodities may be moved into the traditional program.

Desi and Kabuli chickpeas, alfalfa seed, coriander and caraway (biennial) were all insurable crops under the 2001 New Crop Insurance program. All new crops are insured for yield loss; chickpeas are insured for both quality and quantity. A producer's production guarantee is determined using the provincial average yield for the new crop.

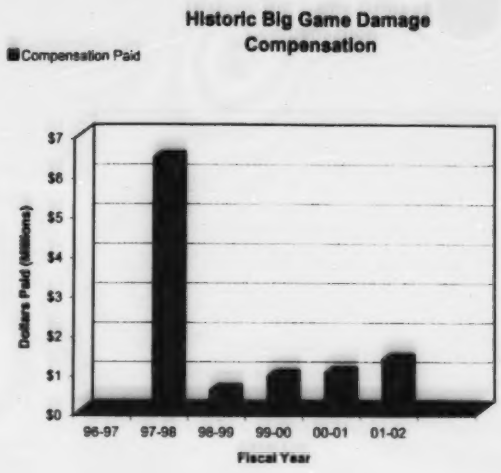
Premium cost-sharing is the same for new crops as the regular crop insurance program. Producers have the option of selecting coverage levels of 50, 60 or 70 per cent. Spot-loss hail coverage is available on new crops up to 70 per cent. Any indemnities paid for hail damage will be deducted from any yield-loss claims on a selected crop. SCIC outlines recommended agronomic practices regarding seeding dates, seed treatment and crop rotations of crops insured under the New Crops Insurance Program.

The New Crops Insurance Account within the Saskatchewan Agricultural Stabilization Fund is accessed when, in any given year, the indemnities to be paid out by SCIC exceed the premiums collected for New Crops. The resulting shortfall is paid from the Account to SCIC. In addition the Account is to pay to SCIC the costs for reinsurance arrangements for that year. Any surplus in the Account is allowed to carryover to subsequent fiscal years.

Big Game Damage Compensation Program

The Big Game Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation. Producers who suffer severe crop losses from the damage caused by white-tailed deer, mule deer, antelope, elk, moose or bears can file a claim. Any Saskatchewan producer, with or without a crop insurance contract, is eligible to receive compensation for crops damaged by big game.

Compensation covers 85 per cent of the incurred loss. Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a $200 deductible per crop. Protein adjustments or malting status are not included in determining compensation amounts. There are no costs or premiums paid by the producer.



Annual Big Game Damage Compensation Summary

	YEAR	Claims	Compensation Paid	$/Claim
	96-97	0	$0	$0
*	97-98	1,671	$6,412,426	$3,837
	98-99	264	$529,955	$2,007
	99-00	400	$893,760	$2,234
	00-01	383	$968,948	$2,530
	01-02	612	$1,306,835	$2,135
TOTAL		**3,330**	**$10,111,924**	
Average		**666**	**$2,022,385**	**$2,549**

*97-98 includes claims from both 1996 and 1997 crop years. An early snowfall in 1996 resulted in 1996 claims being paid out in the spring of 1997 when damages were assessed.

Agricultural Income Disaster Assistance

The Agricultural Income Disaster Assistance Program (AIDA) was announced in December of 1998 and provided whole farm income support to producer's 1998 and 1999 tax years. The federal government administered the program from Winnipeg.

The program, designed by the federal government, provides a payment to producers who experience a significant drop in their gross margin. The producer qualifies for a payment if the gross margin for the claim year is less than 70 per cent of the five-year average (the amount of the payment is the amount of the shortfall).

The Agricultural Income Disaster Account was established within the Saskatchewan Agricultural Stabilization Fund to provide provincial government funding of $175 million to the two-year AIDA program. The AIDA program has become the Canadian Farm Income Program (CFIP), which is in place for the 2000, 2001 and 2002 claim years.

Canadian Farm Income Program

The Canadian Farm Income Program (CFIP) was announced in April of 2001 and provides whole farm income support to producer's 2000, 2001 and 2002 tax years. The federal government administers the program from Winnipeg.

The program, designed by the federal government as the successor to AIDA, provides a payment to producers who experience a significant drop in their gross margin. The producer qualifies for a payment if the gross margin for the claim year is less than 70 per cent of the five-year average (the amount of the payment is the amount of the shortfall).

For the 2000 claim year, the CFIP Administration received applications from approximately 17,500 Saskatchewan producers. Forty-three per cent of claims processed were eligible for payment and $105 million was paid out to approximately 7,500 Saskatchewan producers for the 1999 claim year. This represents an average payment of about $14,000 per producer.

Unseeded Acreage Benefit

Saskatchewan Crop Insurance Corporation (SCIC) provides insurance for crops that fail to establish or for the inability to seed a crop due to excessive spring moisture. An *establishment benefit* is available on crops that fail to adequately establish or suffer significant damage due to insurable causes prior to June 20.

In 1999, continuous heavy spring rains caused flooding throughout southeastern Saskatchewan with an estimated one million acres not being able to be seeded. While crop insurance customers would receive some protection, the federal and provincial governments realized that more assistance would be necessary and that producers without insurance should receive some payments.

As a result, in July 1999, the federal and provincial governments announced funding of $25 per unseeded acre for flood stricken farmers. Crop insurance customers were provided up to $50 per unseeded acre while non-crop insurance customers were provided $25 per unseeded acre.

While SCIC administered both programs, crop insurance customers received payments from the Saskatchewan Crop Insurance Corporation; the non-crop insurance customers received their payments from the Unseeded Acreage Benefit Account of the Saskatchewan Agricultural Stabilization Fund.

Canada-Saskatchewan Adjustment Program (CSAP I)

On February 24, 2000, the federal and provincial governments announced a farm assistance program that provided $260 million to Saskatchewan producers to assist them in completing the adjustment to the elimination of the transportation subsidies and the pooling of Canadian Wheat Board seaway costs. The federal contribution was $180 million, and the provincial contribution was $80 million.

The program made payments to 52,282 farmers, with an average total payment of $4,962 per farmer. Initial payments commenced in April of 2000 based on 6 per cent of eligible sales, to a maximum of $125,000, in order to assist with seeding costs. A final payment of 1.5269 per cent of eligible sales was issued in August 2000. Payments were targeted to actual farm operators; landlords were ineligible to participate.

The SCIC administered the program. Qualification was based on existing data from Net Income Stabilization Account (NISA). Producers who enrolled in NISA in 1998 (roughly 90 per cent of farmers) simply had to sign and return a declaration confirming the details of their automated application when it arrived in the mail. Payments were based on the greater of a producer's 1998 qualifying sales or a producer's average qualifying sales for the tax years between 1994 to 1998, inclusive. Producers who started farming in 1999 had payments based on their 1999 qualifying sales. Qualifying annual sales were capped at $125,000 for individuals and up to $625,000 for corporations, co-operatives or communal organizations.

Canada-Saskatchewan Assistance Program (CSAP II)

On April 2, 2001, the federal and provincial governments announced a farm assistance program that provided $200 million to Saskatchewan producers to assist them in dealing with farm income problems. The federal contribution was $138.6 million; the provincial contribution was $59.4 million; and $2 million of interest revenue was transferred from CSAP I.

The program made payments to 50,799 farmers, with an average total payment of $3,939 per farmer. Initial payments commenced in June of 2001 based on 4.75 per cent of eligible sales, to a maximum of $125,000, in order to assist with seeding costs. A final payment of 1.296 per cent of eligible sales was issued in August 2001. Payments were targeted to actual farm operators; landlords were ineligible to participate.

The SCIC administered the program. Qualification was based on existing data from Net Income Stabilization Account (NISA). Producers who enrolled in NISA in 1998 (roughly 90 per cent of farmers) simply had to sign and return a declaration confirming the details of their automated application when it arrived in the mail. Payments were based on the greater of a producer's 1999 qualifying sales or a producer's average qualifying sales for the tax years between 1995 to 1999, inclusive. Producers who started farming in 1999 or 2000 had payments based on their qualifying sales between August 1, of the year in which the eligible producer first produced an

eligible crop in Saskatchewan, and July 31 of the following year. Qualifying annual sales were capped at $125,000 for individuals and up to $625,000 for corporations, co-operatives or communal organizations.

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Saskatchewan Agricultural Stabilization Fund (Fund) have been prepared by management in accordance with generally accepted accounting principles, using management's best estimates and judgments where appropriate.

The Fund's management is responsible for the reliability and integrity of these financial statements and other information in this Annual Report. Financial information in the Annual Report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Fund's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.

Laurier Donais
Senior Manager, Financial Systems

KPMG LLP
Chartered Accountants
2000 - 1881 Scarth Street
Regina SK S4P 4K9

Telephone (306) 791-1200
Telefax (306) 757-4703
www.kpmg.ca

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2002 and the statements of operations, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
April 25, 2002

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

Saskatchewan Agricultural Stabilization Fund
Financial Statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP
	2002	2001	2002	2001	2002	2001	2002
FINANCIAL ASSETS							
Cash	$ 69,350	$ 193,830	$ ---	$ ---	$ 75,926	$ 146,868	$ ---
Investments (note 4)	8,700,000	15,200,000	---	---	4,150,000	10,150,000	---
Due from Province of Saskatchewan							
- General Revenue Fund (note 3)	---	2,200,000	23,732,408	28,630,139	---	1,000,000	80,365,242
Accrued interest and other receivables	8,248	8,326	122,220	381,126	217	2,190	---
	$ 8,777,598	$ 17,602,156	$ 23,854,628	$ 29,011,265	$ 4,226,143	$ 11,299,058	$ 80,365,242
LIABILITIES							
Accounts payable and accrued liabilities	387	7,832	---	---	857	24,098	---
Due to the Saskatchewan Crop Insurance Corporation	---	---	701,921	4,791,171	---	---	---
Due to Province of Saskatchewan	---	---	---	---	---	---	---
Due to Government of Canada	---	---	---	---	---	---	80,313,500
Deferred revenue	8,083,042	8,199,589	10,898,017	12,057,857	2,775,587	3,429,005	---
	8,083,429	8,207,421	11,599,938	16,849,028	2,776,444	3,453,103	80,313,500
NET FINANCIAL ASSETS	$ 694,169	$ 9,394,735	$ 12,254,690	$ 12,162,237	$ 1,449,699	$ 7,845,955	$ 51,742

See accompanying notes to financial statements

Program	Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2001	2002	2001	2002	2001	2002	2001	2002	2001
---	$ ---	1,688	$ ---	2,310,372	$ 154,699	---	$ 299,975	$ 2,652,758
---	---	---	---	---	---	---	12,850,000	25,350,000
56,241,902	---	---	---	---	---	---	104,097,650	88,072,041
---	---	15,798	---	4,059	614	---	131,299	411,499
$ 56,241,902	$ ---	$ 17,486	$ ---	$ 2,314,431	$ 155,313	$ ---	$ 117,378,924	$ 116,486,298
---	---	---	---	---	---	---	1,244	31,930
---	---	---	---	204	---	---	701,921	4,791,375
---	---	6,994	---	---	---	---	---	6,994
56,241,902	---	10,492	---	---	---	---	80,313,500	56,252,394
---	---	---	---	---	---	---	21,756,646	23,686,451
56,241,902	---	17,486	---	204	---	---	102,773,311	84,769,144
$ ---	$ ---	$ ---	$ ---	$ 2,314,227	$ 155,313	$ ---	$ 14,605,613	$ 31,717,154

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP
	2002	2001	2002	2001	2002	2001	2002
Revenue							
Interest income	$ 415,980	$ 776,740	$ 865,679	$ 1,568,092	$ 257,161	$ 495,213	$ ---
Province of Saskatchewan							
- General Revenue Fund grant programs	---	2,200,000	---	---	---	1,000,000	90,644,000
Government of Canada	116,547	1,279,720	1,159,840	2,885,942	653,418	484,474	---
	532,527	4,256,460	2,025,519	4,454,034	910,579	1,979,687	90,644,000
Expenses							
Indemnities	233,093	2,559,440	200,457	3,741,235	1,306,835	968,948	---
Reinsurance premiums	---	---	1,732,609	1,049,935	---	---	---
Grants to producers	---	---	---	---	---	---	---
Transfers to the Government of Canada	---	---	---	---	---	---	105,592,258
Administration	---	---	---	---	---	---	---
	233,093	2,559,440	1,933,066	4,791,170	1,306,835	968,948	105,592,258
Excess (Deficiency) of revenue over expenses for the year	299,434	1,697,020	92,453	(337,136)	(396,256)	1,010,739	(14,948,258)
Net financial assets, beginning of year	9,394,735	7,697,715	12,162,237	12,499,373	7,845,955	6,835,216	---
Transfers between programs (note 5)	(9,000,000)	---	---	---	(6,000,000)	---	15,000,000
Net financial assets, end of year	$ 694,169	$ 9,394,735	$ 12,254,690	$ 12,162,237	$ 1,449,699	$ 7,845,955	$ 51,742

See accompanying notes to financial statements

Program	Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2001	2002	2001	2002	2001	2002	2001	2002	2001
$ ---	$ ---	$ 26,470	$ 49,060	$ 2,591,445	$ 672,611	$ ---	$ 2,260,491	$ 5,457,960
---	---	12,462	---	---	59,400,000	---	150,044,000	3,212,462
---	---	18,693	---	---	138,600,000	---	140,529,805	4,668,829
---	---	57,625	49,060	2,591,445	198,672,611	---	292,834,296	13,339,251
---	---	---	405,037	---	---	---	2,145,422	7,269,623
---	---	---	---	---	---	---	1,732,609	1,049,935
---	---	57,625	---	72,152	200,073,979	---	200,073,979	129,777
---	---	---	---	---	---	---	105,592,258	---
---	---	---	---	205,066	401,569	---	401,569	205,066
---	---	57,625	405,037	277,218	200,475,548	---	309,945,837	8,654,401
---	---	---	(355,977)	2,314,227	(1,802,937)	---	(17,111,541)	4,684,850
---	---	---	2,314,227	---	---	---	31,717,154	27,032,304
---	---	---	(1,958,250)	---	1,958,250	---	---	---
$ ---	$ ---	$ ---	$ ---	$ 2,314,227	$ 155,313	$ ---	$ 14,605,613	$ 31,717,154

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP
	2002	2001	2002	2001	2002	2001	2002
Cash Flows from operating activities:							
Cash receipts from the Government of Canada	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---
Cash receipts from the General Revenue Fund	---	---	---	---	---	---	15,000,000
Funds held by the General Revenue Fund	---	2,200,000			---	1,000,000	75,644,000
Interest received	416,058	777,734	1,124,585	1,528,044	259,134	519,933	---
Cash paid to the Government of Canada	---	---	---	---	---	---	(81,520,660)
Cash paid to Saskatchewan Crop Insurance	---	---	(6,022,316)	---	---	---	---
Cash paid to producers	(240,538)	(2,595,847)	---	(112,400)	(1,330,076)	(945,172)	---
Net increase (decrease) in cash and cash equivalents	175,520	381,887	(4,897,731)	1,415,644	(1,070,942)	574,761	9,123,340
Cash and cash equivalents at beginning of year	17,593,830	17,211,943	28,630,139	27,214,495	11,296,868	10,722,107	56,241,902
Transfers between programs (note 5)	(9,000,000)	---	---	---	(6,000,000)	---	15,000,000
Cash and cash equivalents at end of year	$ 8,769,350	$ 17,593,830	$ 23,732,408	$ 28,630,139	$ 4,225,926	$ 11,296,868	$ 80,365,242
Cash and cash equivalents include:							
Cash	$ 69,350	$ 193,830	$ ---	$ ---	$ 75,926	$ 146,868	$ ---
Investments	8,700,000	15,200,000	---	---	4,150,000	10,150,000	---
Due from the Province of Saskatchewan - General Revenue Fund	---	2,200,000	23,732,408	28,630,139	---	1,000,000	80,365,242
	$ 8,769,350	$ 17,593,830	$ 23,732,408	$ 28,630,139	$ 4,225,926	$ 11,296,868	$ 80,365,242

See accompanying notes to financial statements

Program		Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2001	2002	2001	2002	2001	2002	2001	2002	2001
$ ---	$ ---	$ ---	$ ---	$ 180,000,000	$ 138,600,000	$ ---	$ 138,600,000	$ 180,000,000
---	15,798	19,456	---	---	59,400,000	---	74,415,798	19,456
							75,644,000	3,200,000
---	---	17,056	53,119	2,587,386	671,997	---	2,524,893	5,430,153
(73,758,098)	(6,994)	(361,928)	---	---	---	---	(81,527,654)	(74,120,026)
---	(10,492)	---	(204)	(604,862)	(401,569)	---	(6,434,581)	(604,862)
---	---	(69,922)	(405,037)	(259,672,152)	(200,073,979)	---	(202,049,630)	(263,395,493)
(73,758,098)	(1,688)	(395,338)	(352,122)	(77,689,628)	(1,803,551)	---	1,172,826	(149,470,772)
130,000,000	1,688	397,026	2,310,372	80,000,000	---	---	116,074,799	265,545,571
---	---	---	(1,958,250)	---	1,958,250	---	---	---
$ 56,241,902	$ ---	$ 1,688	$ ---	$ 2,310,372	$ 154,699	$ ---	$ 117,247,625	$ 116,074,799
$ ---	$ ---	$ 1,688	$ ---	$ 2,310,372	$ 154,699	$ ---	$ 299,975	$ 2,652,758
---	---	---	---	---	---	---	12,850,000	25,350,000
56,241,902	---	---	---	---	---	---	104,097,650	88,072,041
$ 56,241,902	$ ---	$ 1,688	$ ---	$ 2,310,372	$ 154,699	$ ---	$ 117,247,625	$ 116,074,799

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2002

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund (the Fund) was established under *The Farm Financial Stability Act* (the Act).

The following programs exist within the Fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops that fall between 100% and 165% of premiums. Private sector reinsurance was purchased for losses between 165% and 275% of premiums. The program paid for the reinsurance premium.

Big Game Damage Compensation Program:
The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

Waterfowl Damage Compensation Program:
The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program - Canadian Farm Income Program (CFIP):
The AIDA program and CFIP were established in the 2001-02 fiscal year pursuant to Part IV of the Act and are administered by Saskatchewan Agriculture and Food. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative to enhance or stabilize the income of farmers. This initiative, administered by the Federal government, is to assist producers facing a serious decline in their profit margins due to circumstances beyond their control.

The AIDA and CFIP programs are virtually the same in program specifications, qualification parameters and administration. The AIDA program was in place for producers' 1998 and 1999 claim year. The CFIP program is in place for producers' 2000, 2001 and 2002 claim years.

Unseeded Acreage Benefit Program:
The Unseeded Acreage Benefit Program was established in the 1999-2000 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to provide assistance to non-Crop Insurance program participants for the 1999-2000 crop year who were unable to seed on or before June 25, 1999, due to excessive spring moisture conditions.

Canada-Saskatchewan Adjustment Program (CSAP I):
The Canada-Saskatchewan Adjustment Program was established in the 1999-2000 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop

Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

Canada-Saskatchewan Assistance Program (CSAP II):
The Canada-Saskatchewan Assistance Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

In the event that these programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Investments:
Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts, which are included in the Consolidated Offset Bank Concentration arrangement for the government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.

Revenue Recognition:
Funding received from the Federal government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses. The Waterfowl and Big Game Damage Compensation programs are intended to be funded 50% by the Federal Government and 50% by the Provincial Government; CSAP I and CSAP II are intended to be funded 70% by the Federal Government and 30% by the Provincial Government; and the New Crops Insurance and Unseeded Acreage Benefit programs are intended to be funded 60% by the Federal Government and 40% by the Provincial Government. Therefore, the amount recognized as revenue from the Federal Government is the appropriate percentage of the program expenses.

The Fund only administers the Provincial portion of AIDA and CFIP and as a result, the Fund does not record any funding from the Federal Government for AIDA or CFIP.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria, if any, have been met.

Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops Insurance Program bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty-day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty-day borrowing rate was 3.41% (2001 – 5.59%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA-CFIP Program funds are deposited in the General Revenue Fund. Interest is not paid on this account.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Investments

The Fund's investments are:

Maturity	Interest Rate (%)	Waterfowl Damage Compensation Program	Big Game Damage Compensation Program
April 10, 2002	1.15	$ 8,700,000	$ 4,150,000

5. Transfers between programs

In 2001-02 the Minister directed, under the authority of the Waterfowl Damage Compensation Program Regulations and the Big Game Damage Compensation Program Regulations, that surplus amounts of $6 million in the Big Game Damage Compensation Account and $9 million in the Waterfowl Damage Compensation Account be transferred and paid to the AIDA-CFIP Account.

During the year, the Government of Canada determined Saskatchewan's share of expenses for the AIDA program were $17 million lower than estimated. The $17 million reduction in expenses is recorded in the AIDA-CFIP account.

Also during the 2001-02 year, the Minister directed, under the authority of the Canada-Saskatchewan Adjustment Program Amendment Regulations, 2001, that the surplus amount of $1,958,250 in the CSAP I Program be transferred and paid into the CSAP II Program.

6. Planned results

	Budget 2001-02 ($000)	Actual 2001-02 ($000)	Actual 2000-01 ($000)
Revenue			
New Crops Insurance	2,055	2,026	4,454
Big Game Damage Compensation	2,330	911	1,980
Waterfowl Crop Damage Compensation	4,925	533	4,256
AIDA-CFIP	---	90,644	---
Unseeded Acreage Benefit	---	---	58
CSAP I	---	49	2,591
CSAP II	200,000	198,673	---
Expenses			
New Crops Insurance	1,675	1,933	4,791
Big Game Damage Compensation	2,000	1,307	969
Waterfowl Crop Damage Compensation	4,400	233	2,559
AIDA-CFIP	---	105,592	---
Unseeded Acreage Benefit	---	---	58
CSAP I	---	405	277
CSAP II	200,000	200,476	---

In May 2001, the Government of Saskatchewan agreed to participate in the CFIP. The agreement provided Provincial funding to a maximum of $80 million for the 2000 claim year and a maximum of $70 million for the 2001 claim year.

7. Fair value of financial assets and financial liabilities

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short-term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Accrued interest and other receivables
- Accounts payable and accrued liabilities
- Due to Saskatchewan Crop Insurance Corporation
- Due to Province of Saskatchewan
- Due to Government of Canada

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation, Unseeded Acreage Benefit, Canada-Saskatchewan Adjustment and Canada-Saskatchewan Assistance programs. All of the administration expenses for the Canada-Saskatchewan Assistance Program (CSAP II) were charged by the Saskatchewan Crop Insurance Corporation.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.